GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3663
ANSWERED ON:27.04.2007
TDS ON INTERESTS
Tripathy Shri Braja Kishore

Will the Minister of FINANCE be pleased to state:

(a) Whether the government has made it mandatory for the banks to deduct TDS on interest over and above rupees ten thousand irrespective of the fact that the total income of the person is taxable or not;

(b) If so, the details there of and the reasons therefor;

(c) Whether such TDS deduction is likely to harass the persons whose income is not taxable and the senior citizens who have no other income; and

(d) If so, the remedial measures taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SH.S.S.PALANIMAMCKAM)

(a) & (b) Yes sir. Under the provisions of the income tax Act, tax is required to be deducted at source if the amount of interest payable during a financial year exceeds Rs. 10,000/-.

(c) & (d) Persons whose income are not above taxable limit and senior citizen are not harassed for TDS. For claiming exemption from TDS, a person of sixty-five years of age or above may furnish a declaration in Form No. 15H to the Bank if the tax on his estimated income for the financial year is nil. A person of less than sixty-fives years of age may claim exemption from TDS by filing a declaration in Form No. 15G provided that-

i) the tax on his estimated total income for the financial year is nil and,

ii) the aggregate amount of interest credited or paid or likely to be credited or paid during the financial year is not more than the maximum amount which is not chargeable to tax (Rs. l910.000/-for male taxpayers and Rs. 1.45,000/- for a woman taxpayer) (Both the conditions are required to be fulfilled) No TDS is drawn on interest income.